

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
UNRESTRICTED GENERAL FUND  
2020/21 Adopted Budget Assumptions  
June 29, 2020**

I. State Revenue

A. Budgeting will begin using the new Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus outyear cost of living adjustments (COLA) as we are a hold harmless district.

B. FTES Workload Measure Assumptions:

Year	Base	Actual	Funded	Actual Growth
2014/15	28,688.93	28,908.08	28,908.08	0.76%
2015/16	28,908.08	28,901.64	28,901.64	-0.02%
2016/17	28,901.64	27,517.31	28,901.64	-4.79%
2017/18	28,901.64	29,378.53	29,375.93	1.65%
2018/19	P3 29,375.93	25,925.52	28,068.86	-11.75%
2019/20	P1 28,068.86	28,198.47	Unknown	0.46%

a - based on submitted P3, District went into Stabilization in FY 2016/17

b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018

c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The state budget proposes 0% systemwide growth funding, 0% COLA, and no base allocation increase.

The effects of the SCFF on our budget is not fully known at this time. The components will now remain at 70/20/10 split with COLA added each year. Any changes to our funding related to the new formula will be incorporated when known.

Projected COLA of 0%	\$0
Projected Growth/Access	\$0
Deficit Factor (2%)	(\$3,576,838)
Apportionment Base Incr (Decr) for 2020/21	<u>(\$3,576,838)</u>

2020/21 Potential Growth at 0.5% 28,209

C. Education Protection Account (EPA) funding estimated at \$26,437,430 based on 2019/20 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments. We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at \$153 per FTES (\$4,414,163). Restricted lottery at \$54 per FTES (\$1,557,940). (2019/20 @ P1 of resident & nonresident factored FTES, 28,850.74 x \$153 = \$4,414,163 unrestricted lottery; 28,850.74 x \$54 = \$1,557,940.) Increase of about 9%.

E. **Estimated reimbursement for part-time faculty compensation is estimated at \$458,559 (2019/20 @ P2). Decrease of \$156,251.**

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements are reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2019/20 @ Advance of \$278,496. Slight decrease.

H. Mandates Block Grant estimated at a total budget of \$869,923 (\$30.85 x 28,198.47). Slight increase. No additional one-time allocation proposed.

II. Other Revenue

I. **Non-Resident Tuition budgeted at \$1,900,000. (SAC \$1,200,000, SCC \$700,000) - 50% reduction-SAC, 30% reduction-SCC.**

J. Interest earnings estimated at \$1,400,000. Unchanged.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately \$407,680. Unchanged.

L. **Apprenticeship revenue estimated at \$4,198,711. Increase of \$1,039,239. (Corresponding expenses of \$1,039,239 are also budgeted for additional apprenticeship course offerings.)**

M. Scheduled Maintenance/Instructional Equipment allocation. \$0 provided in the state budget.

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- III. Appropriations and Expenditures
- A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.
  - B. The state is not providing the calculated Cost of Living Allowance (COLA). Any collectively bargained increased costs will be added to the budget. The estimated cost of a 1% salary increase is \$1.80 million for all funds. The estimated cost of a 1% salary increase is \$1.43 million for the unrestricted general fund.
  - C. Step and column movement is budgeted at an additional cost of approximately \$1.69 million including benefits for FD 11 & 13 (FARSCCD approximate cost \$546,816 CSEA approximate cost \$641,986, Management/Other approximate cost \$497,528) For all funds, it is estimated to = \$2.42 million (FARSCCD = \$642,315, CSEA = \$1,007,254, Management/Others = \$766,088) In addition, the colleges would need to budget for step/column increases for P/T faculty.
  - D. Health and Welfare benefit premium cost increase as of 1/1/2021 is estimated at 3.5% for an additional cost of approximately \$646,936 for active employees and an additional cost of \$279,138 for retirees, for a combined increase of \$926,074 for unrestricted general fund. The additional cost increase for all funds is estimated to = \$976,180  
State Unemployment Insurance local experience charges are estimated at \$250,000 (2019/20 budgeted amount). Unchanged.  
**CalSTRS employer contribution rate will decrease in 2020/21 from 17.10% to 16.15% for a decrease of \$694,283.**  
(Note: The cost of each 1% increase in the STRS rate is approximately \$740,000.)  
**CalPERS employer contribution rate will increase in 2020/21 from 19.721% to 20.70% for an increase of \$381,285.**  
(Note: The cost of each 1% increase in the PERS rate is approximately \$390,000.)
  - E. The full-time faculty obligation (FON) for Fall 2020 has not been calculated at this time. The District will temporary recruit to replace 10 faculty vacancies. SAC is recruiting for 7 positions. SCC is recruiting for 3 positions. The current cost for a new position is budgeted at Class VI, Step 12 at approximately \$154,847. Penalties for not meeting the obligation amount to approximately \$80,250 per FTE not filled.  
**SAC = 14 faculty not filled for FY 2020-21**  
**Part-time replacements**  
**SCC = 5 faculty not filled for FY 2020-21**  
**Part-time replacements**
  - F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/20 for hourly faculty is \$1,455. Increase of \$56 per LHE.
  - G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Actuarially Determined Contribution (ADC) as of July 1, 2020 is estimated to be \$10,224,861. The District will therefore decrease the employer payroll contribution rate of 2.75% to 1.10% of total salaries. This reduction provides a savings of \$1,899,032 to the unrestricted general fund and \$2,483,330 for all funds.
  - H. Capital Outlay Fund - The District will continue to budget \$1.5 million for capital outlay needs.
  - I. Utilities cost increases of 2.5%, estimated at \$100,000.
  - J. Information Technology licensing contract escalation cost of 7%, estimated at \$125,000.
  - K. Property and Liability Insurance transfer estimated at \$1,970,000. Unchanged.
  - L. Other additional DS/Institutional Cost expenses:
 

Ellucian increased contract cost	\$ 400,000
<b>Title IX Costs</b>	<b>\$ 100,000</b>
  - M. **Child Development Fund - The District will NOT continue to budget \$250,000 as an interfund transfer from the unrestricted general fund as a contingency plan. (\$140,000 each year was transferred since 2014/15 and will stop in 2020/21)**
  - N. Estimated annual cost of Santiago Canyon College ADA Settlement expenses of \$2 million from available funds.
  - O. Round One budget reductions totalling \$3 million are being made for this tentative budget due to State Budget uncertainty.

<b>Rancho Santiago Community College District</b> <b>Unrestricted General Fund Summary</b> <b>2020/21 Adopted Budget Assumptions</b> <b>June 29, 2020</b>
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	<b><u>New Revenues</u></b>	Ongoing Only	One-Time
A	Student Centered Funding Formula		
B	COLA 0%	\$0	
B	Growth	\$0	
B	Deficit Factor (2%)	(\$3,576,838)	
D	Unrestricted Lottery	\$352,286	
H	Mandates Block Grant	\$77,096	
I	Non-Resident Tuition	(\$1,500,000)	
J	Interest Earnings	\$0	
L	Apprenticeship - SCC	\$1,039,239	
EGK	Misc Income	(\$171,009)	
	<b>Total</b>	(\$3,779,226)	\$0
	<b><u>New Expenditures</u></b>		
B	Salary Schedule Increases/Collective Bargaining 4.00% **	\$4,019,430	
C	Step/Column	\$1,686,330	
D	Health and Welfare/Benefits Increase (3.5%)	\$926,074	
D	CalSTRS Decrease	(\$694,283)	
D	CalPERS Increase	\$381,285	
E	Full Time Faculty Obligation Hires	(\$2,942,093)	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	\$1,015,954	
G	Decreased Cost of Retiree Health Benefit ADC	(\$1,899,032)	
H	Capital Outlay/Scheduled Maintenance Contribution	\$0	
I	Utilities Increase	\$100,000	
J	ITS Licensing/Contract Escalation Cost	\$125,000	
K	Property, Liability and All Risks Insurance	\$0	
II.L	Apprenticeship - SCC	\$1,039,239	
L	Other Additional DS/Institutional Costs	\$500,000	\$0
M	Elimination of UGF transfer to Child Development Fund	(\$250,000)	
N	SCC ADA Settlement Costs	\$0	\$2,000,000
O	Round One Budget Reductions	(\$3,000,000)	
	<b>Total</b>	\$1,007,904	\$2,000,000
	2020/21 Budget Year Unallocated (Deficit)	(\$4,787,130)	
	2019/20 Structural Unallocated (Deficit)	\$1,809,582	
	Savings Faculty replacement budget at VI-12	\$590,360	
	Savings 2019/20 - budgeted vs actual & rebudgeted vacancies	\$550,012	
	<b>Total Net Unallocated (Deficit)</b>	(\$1,837,176)	(\$2,000,000)

In addition, as both college budgets for adjunct faculty have been underbudgeted in total by approximately \$6.5 million, the colleges need to appropriately fund adjunct faculty costs tied to the class schedules offered and prior year actual costs when adjusted for new full-time faculty hired.

\* Reference to budget assumption number

\*\* Excludes Management & CEFA